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TAGS: PREL PGOV PINR IS  
SUBJECT: KNESSET SPEAKER SAYS THE BIG BANG IS NOT OVER IN  
ISRAELI POLITICS

Classified By: Ambassador Richard H. Jones. Reason 1.4 (B/D)

¶1. (C) Knesset Speaker Dalia Itzik told the Ambassador February 12 that she anticipated PM Olmert would reshuffle some government portfolios and find a way to remove Defense Minister Peretz from his security portfolio after the Winograd Committee issues its interim report (expected sometime before the end of March). She said, however, that she did not know where Olmert would draw political strength to make such a move. She noted that former PM Ehud Barak gets along well with Olmert, and she said she is pressing Olmert to form an "Emergency Government" that would bring Likud leader Binyamin Netanyahu in as well. This would, in her view, represent the culmination of the "big bang" (i.e. creation of a centrist coalition from Likud and Labor cadres) initiated by former PM Sharon in November 2005.

¶2. (C) Despite a February 12 confrontation between Olmert and Netanyahu in the Knesset Foreign Affairs and Defense Committee over which leader was most responsible for helping Hamas, Itzik thought that Netanyahu would prefer to rehabilitate himself by serving in the government than remain relegated to the right wing of Israeli politics as a former PM and finance minister. She also said she felt that if the current GOI was unable to make headway with the Palestinians, this could usher in a right-wing alternative.

¶3. (C) Asked by the Ambassador how the presidential succession might affect the Kadima Party, Itzik, who is currently serving as the acting head of state, replied that Shimon Peres was the Kadima candidate. As a close associate and protege of Peres, Itzik expressed her hope that Peres would win election as Israel's next president. She assessed that her predecessor as Speaker, Reuvin Rivlin (Likud), would be the only serious contender, as Collette Avital (Labor) did not have broad support. Nonetheless, she assessed that to win, Peres would need an open ballot in the Knesset, contrary to current procedure. Thus far, Kadima has not secured a majority needed to change the law because Shas, although supportive of Peres, remains reluctant to create a precedent that could affect the secret election process for selecting judges and other posts of interest to Shas. Should Peres win, his move to the presidency would free up three positions (Vice Premier, Minister, and Member of the Knesset) that Olmert could use to satisfy the demands of his party and his coalition.

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JONES